# Agri-News

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Vol. 06-18 Issued September 13, 2006

## Crop Production

**Iowa:** Corn: The September 1 yield forecast of 174.0 bushels per acre is up 1.0 bushel from the August 1 forecast. Production is forecast at 2.16 billion bushels for the state, down fractionally from last year.

Soybeans: The September 1 yield forecast of 49.0 bushels per acre is up 4.0 bushels from the August 1 forecast but down 4.0 bushels per acre from 2005. If realized, soybean production would be 492.5 million bushels, down 8 percent from last year's 532.7 production.

**United States:** Corn production is forecast at 11.1 billion bushels, up 1 percent from last month and fractionally above 2005. Based on conditions as of September 1, yields are expected to average 154.7 bushels per acre, up 2.5 bushels from August and 6.8 bushels from last year. If realized, yield and production would be the second largest on record, behind 2004. Forecast yields are higher than August across the northern Great Plains and western Corn Belt as moderate to heavy precipitation during the month improved soil moisture levels and crop conditions. Expected yields across the eastern Corn Belt are unchanged from last month. Farmers expect to harvest 71.8 million acres of corn for grain, down 250,000 acres from August and down 4 percent from 2005.

Soybean production is forecast at 3.09 billion bushels, up 6 percent from the August forecast and up slightly from the 2005 crop. If realized, this would be the second highest production on record. Based on September 1 conditions, yields are expected to average 41.8 bushels per acre, up 2.2 bushels from August but down 1.5 bushels from last year's record high yield. Compared with last month, yields are forecast higher across the Corn Belt and most of the northern and central Great Plains. Near or above normal moisture in those areas during August improved crop conditions. In contrast, yields are down or unchanged from the August 1 forecast across the Gulf Coast States and Atlantic Coast States, with the exception of South Carolina.

Reminder: All crop forecasts in this report are based on conditions on September 1 and do not reflect any possible weather effects since that time. The next corn and soybean production forecasts, based on conditions as of October 1, will be released on October 12.

### September 2006 Production Summary - Iowa and United States

| Crop | For Harvest | | Yield per acre | | Production | |
|---|---|---|---|---|---|---|
| | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 |
| | *Thousand Acres* | *Thousand Acres* | *Bushels* | *Bushels* | *Thousand Bushels* | *Thousand Bushels* |
| **IOWA** | | | | | | |
| Corn for Grain | 12,500 | 12,400 | 173.0 | 174.0 | 2,162,500 | 2,157,600 |
| Soybeans | 10,050 | 10,050 | 53.0 | 49.0 | 532,650 | 492,450 |
| **UNITED STATES** | | | | | | |
| Corn for Grain | 75,107 | 71,841 | 147.9 | 154.7 | 11,112 | 11,114 |
| Soybeans | 71,361 | 73,935 | 43.3 | 41.8 | 3,086 | 3,093 |

## ECONOMIST CORNER

*Livestock by John Lawrence and Grains by Robert Wisner*
*Iowa Cooperative Extension Service – Ames*

**LIVESTOCK**

Three of the largest daily hog slaughter totals in history were posted between August 31 and September 6. The Labor Day holiday may have pushed more hogs into the work days, but these volumes were 416,000, 414,000, and 410,000. When we had slaughter near this level in December 1998 live hog prices were $10/cwt or less and now prices are over $50/cwt. Packer capacity has increased as has domestic and export demand. Live prices are forecast to average in the mid-$40s through the 4th quarter 2006 and first two quarters 2007. The ISU Estimated Returns Series indicates that farrow to finish operations have had 32 consecutive months of profits and it looks to continues well into 2007. In spite of these favorable returns, sow slaughter is higher than the year before suggesting steady supplies for the year ahead.

The cattle market has been defying economic gravity in recent weeks. Prices have increased over $6.50/cwt live weight during the month of August in the face of 4% higher slaughter and rising supplies. The August cattle on feed inventory was up 7.2% from the year before and the second largest August inventory since 1996. Steer carcass weights continue near a record level and typically increase into November. In spite of these cautions, Live Cattle futures set life of contract highs after Labor Day. The basis adjusted futures are forecasting Iowa Choice steer prices in the low $90s for 4th quarter 2006 and first two quarters of 2007. Given this forecast and relatively low corn prices feeder cattle prices will remain strong as well.

**GRAINS**

Corn prices through October or early November will take direction from harvest progress and weekly new-crop export sales. The September corn crop forecast indicates production will be large enough to cause shortages of storage space in some parts of Iowa and neighboring states again this year. However, problems may not be quite as severe in northwest Iowa as in the last two years – because of weather stresses on the crop in parts of the area. Transportation costs are high and the tight storage space situation will likely keep the basis quite depressed until at least mid-winter. Early indications point to strong export and domestic feed demand through mid-winter. Export demand for corn is being supported by a sharp drop in corn production in Argentina and South Africa last spring and by weather stresses on feed grain production in western Europe. Cash corn prices should trend gradually upward from late November into next spring or early summer, due to a strengthening basis and a need for more corn acres in 2007 to supply the rapidly expanding ethanol industry. This year's U.S. corn crop is forecast to fall 800 million bushels below potential demand – despite the second-highest yield on record.

The September soybean production forecast is about equal to anticipated demand for the year ahead and is projected by USDA economists to hold carryover stocks about steady in the 2006-07 marketing year. Cash prices may drift slightly lower into harvest, before gradually increasing into mid-winter. Potential post-harvest price strength reflects early indications that Brazil's soybean plantings may be down 5 to 8 percent from last year, Prices also will be supported from November onward by expectations of strong Chinese demand and a potential shift of some U.S. soybean acreage to corn next spring.

### Average Prices Received by Farmers for Farm Products

| Item | Unit | IOWA Aug [1] 2005 | IOWA Jul [1] 2006 | IOWA Aug [2] 2006 | U.S. Jul [1] 2006 | U.S. Aug [2] 2006 |
|---|---|---|---|---|---|---|
| | | --------------Dollars-------------- | | | | |
| Corn | Bu. | 1.84 | 2.09 | 1.95 | 2.14 | 2.03 |
| Oats | Bu. | 1.63 | 1.79 | 1.80 | 1.78 | 1.70 |
| Soybeans | Bu. | 6.07 | 5.52 | 5.05 | 5.61 | 5.24 |
| Alfalfa, baled | Ton | 79.00 | 81.00 | 80.00 | 113.00 | 110.00 |
| All Hay, baled | Ton | 77.00 | 78.00 | 78.00 | 107.00 | 106.00 |
| All Hogs | Cwt. | 52.80 | 52.60 | 54.60 | 50.20 | 51.60 |
| Sows | Cwt. | 40.00 | 33.10 | 35.00 | 32.00 | 33.60 |
| Brw & Gilts | Cwt. | 53.00 | 53.00 | 55.00 | 51.10 | 52.50 |
| Beef Cattle | Cwt. | 82.80 | 82.20 | 84.30 | 86.10 | 87.70 |
| Cows | Cwt. | 50.80 | 50.80 | 51.00 | 46.60 | 46.90 |
| Strs & Hfrs | Cwt. | 83.50 | 82.80 | 85.00 | 90.40 | 91.80 |
| Calves | Cwt. | 135.00 | 121.00 | 130.00 | 136.00 | 134.00 |
| Milk Cows [3] | Hd. | - | 1,670 | - | 1,680 | - |
| Milk (whls) | Cwt. | 15.20 | 12.40 | 12.60 | 11.80 | 11.90 |
| Sheep | Cwt. | 44.30 | 36.30 | - | 27.40 | - |
| Lambs | Cwt. | 102.00 | 95.60 | - | 93.10 | - |
| Eggs (mkt) | Doz. | 0.200 | 0.178 | 0.334 | 0.248 | 0.388 |

[1] Corn, oats, soybeans, all hogs, all cattle, all sheep, and milk are whole-month prices. All hay and eggs are mid-month prices. [2] All prices are mid-month. [3] Prices published January, April, July, and October.

### Prices Received Index Summary Table

| Prices Received | IOWA Aug 2005 | IOWA Jul 2006 | IOWA Aug [1] 2006 | UNITED STATES Aug 2005 | UNITED STATES Jul 2006 | UNITED STATES Aug [1] 2006 |
|---|---|---|---|---|---|---|
| | 1990-92=100 [2] | | | | | |
| Prices rec'd | 100 | 98 | 94 | 116 | 117 | 120 |
| Crops | 93 | 96 | 89 | 115 | 123 | 126 |
| Lvstk | 107 | 100 | 98 | 117 | 110 | 115 |
| | 1910-14=100 [3] | | | | | |
| Prices rec'd | - | - | - | 738 | 741 | 763 |
| Crops | - | - | - | 567 | 608 | 624 |
| Lvstk | - | - | - | 901 | 848 | 879 |

[1] Preliminary [2] 1990-92=100 reference replaced 1997=100 in January 1995. [3] Iowa figures for 1910-14=100 base not available.

### U.S. Prices Paid Index Summary

| Prices Paid | Aug 2005 | Jul 2006 | Aug 2006 | Aug 2005 | Jul 2006 | Aug 2006 |
|---|---|---|---|---|---|---|
| | 1990-92=100 | | | 1910-14=100 | | |
| Prices Paid [1] | 141 | 148 | 148 | 1,877 | 1,969 | 1,971 |
| Feed | 122 | 124 | 124 | 593 | 606 | 607 |
| Ratio [2] | 82 | 79 | 81 | - | - | - |
| Parity Ratio [3] | - | - | - | 39 | 38 | 39 |

[1] Prices paid by farmers for commodities and services, interest, taxes, and farm wage rates. [2] Received/Paid [3]Ratio of index of prices received to index of prices paid for commodities and services, interest, taxes, and farm wage rates.

# Chickens and Eggs

**Iowa**: Egg production in Iowa for July 2006 was 1,198 million eggs, up 9.9 percent from the same period a year ago. The total number of layers on hand during July 2006 was 50.8 million, up 7.9 percent from 47.1 million layers in July 2005. Eggs per 100 layers for the month of July was 2,357 eggs, up from 2,314 million eggs the previous year.

**United States:** U.S. egg production totaled 7.64 billion during July 2006, up 1 percent from last year. Production included 6.56 billion table eggs, and 1.09 billion hatching eggs, of which 1.02 billion were broiler-type and 66 million were egg-type. The total number of layers during July 2006 averaged 341 million, up 1 percent from last year. July egg production per 100 layers was 2,241 eggs, up slightly from July 2005.

## All Layers and Egg Production, Jul 2005 and 2006 [1]

| State | Table Egg Layers in Flocks 30,000 & Above | | All layers on hand [2] | | Eggs per 100 layers | | Egg production by type | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Total production | | Table eggs [3] | | Hatching eggs [3] | |
| | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 |
| | *Thousands* | *Thousands* | *Thousands* | *Thousands* | *Number* | *Number* | *Million eggs* | *Million eggs* | *Million eggs* | *Million eggs* | *Million eggs* | *Million eggs* |
| AR | 4,040 | 4,167 | 14,414 | 13,976 | 1,998 | 1,939 | 288 | 271 | 97 | 95 | 191 | 176 |
| CA | 18,405 | 18,443 | 18,938 | 18,957 | 2,234 | 2,121 | 423 | 402 | | | | |
| GA | 9,776 | 9,399 | 18,919 | 18,569 | 2,114 | 2,097 | 400 | 386 | 224 | 209 | 176 | 177 |
| IN | 22,614 | 23,526 | 23,360 | 24,251 | 2,226 | 2,284 | 520 | 554 | 508 | 541 | 12 | 13 |
| IA | 46,348 | 50,086 | 47,101 | 50,823 | 2,314 | 2,357 | 1,090 | 1,198 | | | | |
| MN | 10,393 | 10,487 | 10,926 | 10,934 | 2,288 | 2,232 | 250 | 244 | 242 | 236 | 8 | 8 |
| NE | 11,943 | 11,665 | 12,018 | 11,740 | 2,297 | 2,232 | 276 | 262 | 276 | 262 | | |
| NC | 3,327 | 3,134 | 10,932 | 10,718 | 1,994 | 2,053 | 218 | 220 | 80 | 80 | 138 | 140 |
| OH | 27,347 | 26,986 | 27,841 | 27,495 | 2,266 | 2,233 | 631 | 614 | | | | |
| PA | 21,227 | 21,601 | 23,045 | 23,503 | 2,382 | 2,438 | 549 | 573 | 531 | 552 | 18 | 21 |
| TX | 12,904 | 4,362 | 17,307 | 18,812 | 2,271 | 2,249 | 393 | 423 | | | | |
| 29 Sts[4] | 257,787 | 262,771 | 314,446 | 317,421 | 2,237 | 2,242 | 7,033 | 7,118 | 6,039 | 6,160 | 994 | 958 |
| US | 274,034 | 278,433 | 338,573 | 341,047 | 2,234 | 2,241 | 7,563 | 7,643 | 6,444 | 6,558 | 1,120 | 1,085 |

[1] 2006 preliminary, 2005 revised [2] Includes all layers and eggs produced in both table egg and hatching egg flocks regardless of size [3] Data by type of flock not shown for some states to avoid disclosing individual operations [4] The 29 states are those listed as well as AL, CO, CT, FL, HI, IL, ME, MD, MI, MS, MO, NY, OR, SC, SD, VA, WA, and WI.

# Livestock Slaughter

**Iowa:** Commercial red meat production in Iowa during July 2006 totaled 479.6 billion pounds, up 1.1 percent from July 2005. There were 2.20 million hogs slaughtered in July 2006, up 1.2 percent from July 2005 The average live weight of hogs slaughtered was 266 pounds, down 2 pounds from last year.

**United States:** Commercial red meat production for the United States totaled 3.78 billion pounds in July, up 5 percent from the 3.61 billion pounds produced in July 2005.

Beef production, at 2.20 billion pounds, was 6 percent above the previous year. Cattle slaughter totaled 2.83 million head, up 4 percent from July 2005. The average live weight was up 18 pounds from the previous year, at 1,272 pounds.

Veal production totaled 12.0 million pounds, 4 percent below July a year ago. Calf slaughter totaled 57,900 head, down 1 percent from July 2005. The average live weight was 10 pounds below last year, at 340 pounds.

Pork production totaled 1.55 billion pounds, up 3 percent from the previous year. Hog kill totaled 7.88 million head, 3 percent above July 2005. The average live weight was 1 pound above the previous year, at 265 pounds.

July 2005 contained 21 weekdays (including one holiday) and 5 Saturdays. July 2006 contained 21 weekdays (including one holiday) and 5 Saturdays.

## Commercial Red Meat Production: United States [1]

| Class | Jul 2005 | Jun 2006 | Jul 2006 | Jul 06 % of | | Jan - Jul [2] | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Jul 2005 | Jun 2006 | 2005 | 2006 | 06 as % of 05 |
| | *Million Pounds* | *Million Pounds* | *Million Pounds* | *Percent* | *Percent* | *Million Pounds* | *Million Pounds* | *Percent* |
| Beef | 2,083 | 2,429 | 2,204 | 106 | 91 | 13,996 | 14,981 | 107 |
| Veal | 12.4 | 13.0 | 12.0 | 96 | 92 | 90.5 | 86.5 | 96 |
| Pork | 1,505 | 1,663 | 1,553 | 103 | 93 | 11,664 | 11,873 | 102 |
| Lamb & Mutton | 13.4 | *14.5 | 13.2 | 99 | 91 | 108.1 | 110.1 | 102 |
| Total Red Meat | 3,614 | 4,120 | 3,782 | 105 | 92 | 25,859 | 27,051 | 105 |

* Revised.
[1] Based on packers' dressed weights and excludes farm slaughter.
[2] Accumulated totals and percentages based on unrounded data.

## U.S. Corn Supply and Demand

| CORN | 2004-2005 | 2005-2006 (Est.) | 2006-2007 [1] Projections September |
|---|---|---|---|
| | *Million Bushels* | *Million Bushels* | *Million Bushels* |
| Beginning Stocks | 958 | 2,114 | 2,012 |
| Production | 11,807 | 11,112 | 11,114 |
| Imports | 11 | 11 | 10 |
| **Supply, total** | 12,776 | 13,237 | 13,135 |
| Feed & Residual | 6,158 | 6,100 | 6,125 |
| Food, Seed & Industrial | 2,686 | 2,975 | 3,540 |
| **Domestic, total** | 8,844 | 9,075 | 9,665 |
| Exports | 1,818 | 2,150 | 2,250 |
| **Use, total** | 10,662 | 11,225 | 11,915 |
| **Ending Stocks, total** | 2,114 | 2,012 | 1,220 |
| Avg. farm price ($/bu) | 2.06 | 1.99 | 2.15-2.55 |

[1] Preliminary

## U.S. Soybean Supply and Demand

| SOYBEANS | 2004-2005 | 2005-2006 (Est.) | 2006-2007 [1] Projections September |
|---|---|---|---|
| | *Million Bushels* | *Million Bushels* | *Million Bushels* |
| Beginning Stocks | 112 | 256 | 485 |
| Production | 3,124 | 3,086 | 3,093 |
| Imports | 6 | 4 | 4 |
| **Supply, total** | 3,242 | 3,346 | 3,581 |
| Crushings | 1,696 | 1,740 | 1,765 |
| Exports | 1,097 | 945 | 1,125 |
| Seed | 88 | 92 | 91 |
| Residual | 104 | 85 | 70 |
| **Use, total** | 2,986 | 2,862 | 3,051 |
| **Ending stocks** | 256 | 485 | 530 |
| Avg. farm price ($/bu) | 5.74 | 5.68 | 4.90-5.90 |

[1] Preliminary

# Iowa District Estimates

## Corn, 2005-2006

| District | Harvested | | Yield/acre | | Production | |
|---|---|---|---|---|---|---|
| | 2005 | 2006 [1] | 2005 | 2006 [2] | 2005 | 2006 |
| | *Thousand Acres* | *Thousand Acres* | *Bushels* | *Bushels* | *Thousand Bushels* | *Thousand Bushels* |
| NW | 1,889 | 1,875 | 182.6 | 167.0 | 345,000 | 312,300 |
| NC | 1,801 | 1,790 | 185.7 | 185.0 | 334,500 | 331,800 |
| NE | 1,466 | 1,455 | 183.5 | 184.0 | 269,000 | 267,200 |
| WC | 1,841 | 1,825 | 173.3 | 153.0 | 319,000 | 279,600 |
| C | 1,848 | 1,830 | 186.7 | 180.0 | 345,000 | 328,700 |
| EC | 1,299 | 1,280 | 143.2 | 179.0 | 186,000 | 229,500 |
| SW | 992 | 990 | 163.8 | 178.0 | 162,500 | 176,200 |
| SC | 500 | 500 | 156.0 | 160.0 | 78,000 | 79,800 |
| SE | 864 | 855 | 142.9 | 178.0 | 123,500 | 152,500 |
| State | 12,500 | 12,400 | 173.0 | 174.0 | 2,162,500 | 2,157,600 |

[1] Harvest for grain [2] Yield rounded

## Soybeans, 2005-2006

| District | Harvested | | Yield/acre | | Production | |
|---|---|---|---|---|---|---|
| | 2005 | 2006 | 2005 | 2006 [2] | 2005 | 2006 |
| | *Thousand Acres* | *Thousand Acres* | *Bushels* | *Bushels* | *Thousand Bushels* | *Thousand Bushels* |
| NW | 1,623 | 1,630 | 53.6 | 48.0 | 86,993 | 78,900 |
| NC | 1,378 | 1,390 | 53.5 | 49.0 | 73,723 | 68,400 |
| NE | 861 | 860 | 56.9 | 53.0 | 49,011 | 45,900 |
| WC | 1,577 | 1,560 | 51.7 | 45.0 | 81,531 | 70,900 |
| C | 1,470 | 1,480 | 56.7 | 48.0 | 83,349 | 71,700 |
| EC | 930 | 920 | 49.0 | 49.0 | 45,570 | 45,250 |
| SW | 947 | 940 | 51.6 | 50.0 | 48,865 | 47,400 |
| SC | 510 | 520 | 50.8 | 50.0 | 25,908 | 26,200 |
| SE | 754 | 750 | 50.0 | 50.0 | 37,700 | 37,800 |
| State | 10,050 | 10,050 | 53.0 | 49.0 | 532,650 | 492,450 |

Agri-News (ISSN 0744-5598) is published semimonthly except monthly in March and three issues per month in July, August, and October by IA Agricultural Statistics, Rm 833, 210 Walnut St, Des Moines, IA 50309. Subscription is free to data reporters upon request and available for $11 per year to non-reporters. Periodicals postage paid at Des Moines, IA 50309 and additional mailing offices. Postmaster: send address changes to Agri-News, c/o SD Agricultural Statistics, PO Box 5068, Sioux Falls, SD 57117.

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